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ABSTRACT

A supplement to a 1982 study on the impact of student charges on access to public postsecondary education in California is presented. The study was conducted by the California Postsecondary Education Commission at the request of the California Legislature. After considering the complex process of instituting new state policies for new conditions, attention is directed to four concerns: new state funding policies, appropriate relationships between individual and public support, distribution of student financial aid, and the use of student charge revenues. Four recommendations offered by the Commission regarding student charges are as follows: student charges should remain low; revenues from student charges should be available to the segments to maintain access and quality; graduate and professional students should assume moderately greater responsibility for their educations than undergraduate students; and financial incentives for public service should build on existing mechanisms. Eleven guidelines that guided the Commission in making recommendations to the legislature are included. In addition, all recommendations in the Commission's April 1982 report are listed, and their current status is summarized. The 1982 report is entitled "Student Charges, Student Financial Aid and Access to Postsecondary Education." (SW)

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# STUDENT CHARGES, STUDENT FINANCIAL AID, AND ACCESS TO POSTSECONDARY EDUCATION:

# A CONTINUING DIALOGUE

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## A REPORT TO THE GOVERNOR AND THE LEGISLATURE FROM PHASE II OF THE COMMISSION'S RESPONSE TO ASSEMBLY CONCURRENT RESOLUTION 81

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# STUDENT CHARGES, STUDENT FINANCIAL AID, AND ACCESS TO POSTSECONDARY EDUCATION: A CONTINUING DIALOGUE

A Report to the Governor and the Legislature from Phase II of the Commission's Response to Assembly Concurrent Resolution 81

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1020 Twelfth Street, Sacramento, California 95814

Commission Report 82-40

December 1982

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# INTRODUCTION

In March 1982, through Assembly Concurrent Resolution 81, the Legislature asked the California Postsecondary Education Commission to study "the impact of student charges on access to public postsecondary education." In April, the Commission responded in its report, Student Charges, Student Financial Aid, and Access to Postsecondary Education. The report contained ten recommendations addressing both the Legislature's overarching concern with access and four topics specified in ACR 81: (1) the appropriate relationship between individual and public levels of support, (2) the costs of operations appropriately borne by students, (3) the impact of student charges on Master Plan missions, and (4) the appropriate distribution of student financial aid. (Appendix A below reproduces those ten recommendations.)

During the 1982 legislative session, those recommendations were widely discussed. Many were adopted in whole or in part and implemented by the Legislature. However, that report could not resolve all legislative concerns about student charges, and in June, through the Supplemental Language to the 1982-83 Budget Act reproduced on the back cover of this report, the Legislature requested that these concerns be examined further. This present report, "Phase II" of the ACR 81 study, together with the four Commission staff papers listed in Appendix B, constitute the Commission's response to this most recent legislative directive. And the April report is inseparable from this response. The present recommendations complement and supplement those of the April report, and neither report can be considered in isolation from the other. Together, the two reports form a single examination of State policy for access and quality. Except where the Commission explicitly rejects or modifies one of its original recommendations, they should be considered Commission policy reaffirmed in this report.

As directed by the Legislature, the Commission has relied on substantially the same advisory structure for this Phase II study as it did originally: an advisory committee broadly representative of students, faculty, and administrators from the three public segments and the independent sector and of the Legislative Analyst, Department of Finance, and the Student Aid Commission. The members of this committee are listed in Appendix C. The individual committee members devoted extensive time and effort to the study, as did the organizations that they represented. The Commission's indebtedness to them is very great indeed.

The major objective of this advisory process was neither consensus for, nor approval of, the recommendations contained in this report. The Commission sought and obtained candid and detailed discussion of the issues to inform consideration of them in the Legislature. Agreement on these recommendations by students, faculty, and admin-

istrators in all segments would be desirable, of course, but the issues addressed here are ones about which reasonable people can differ.

The Commission's April report addressed its major recommendation to the Legislature. In contrast, the major thrust of this Phase II report is on the responsibilities of the segmental governing boards. The State and the segments share responsibility for quality and access. The segments propose and the State disposes, particularly during the budgetary process. A single, explicit policy framework within which proposals and dispositions are made is essential. Differences among the segments in the authority and responsibilities of their governing boards must be recognized, of course. The University Regents, for example, doubtless have much of the authority over the use of student charges that this report urges. The State University Trustees may have to obtain this authority from the Legislature. Comparable responsibilities and authority of the Community Colleges Board of Governors are not, for the most part, considered in this report. Regardless of these differences, the segmental governing boards' vital roles in assuring access and quality cannot be overemphasized. Access and quality will be key issues during the coming decade, and the governing boards must exercise both authority and responsibility to maintain them.

As in the original report, the Commission assumes that the goals and principles of the Master Plan and the current admission standards and programmatic functions of the three public segments will be continued. As in that report, our fiscal assumptions remain more pessimistic than optimistic. Indeed, budgetary uncertainties are probably greater now than they were in April, for the Commission on State Finance indicates that a deficit of nearly one billion dollars in the current year's budget is a distinct possibility. The Commission shares the hopes of all that the national and State economies will stage an early recovery and that California may return to less urgent concern about the danger of budget reductions to access and excellence. But recommendations cannot be based solely on these hopes. The Commission considers its recommendations to be realistic in the present fiscal context, even though it is not so pessimistic as to assume that these almost unprecedented problems will continue indefinitely. These recommendations are intended to frame policies which are as applicable to times of financial plenty as they are to these times of financial scarcity.

Part One of this report establishes the context for the Commission's response to the Legislature's request. Part Two deals with the uses and levels of student charges and offers four recommendations on the use of student charge revenues and on the levels of graduate and professional student charges. Part Three discusses student financial aid, and its two recommendations reaffirm the direct and critical relationships among student charges, financial aid, and access. Part Four concludes the report by considering its recommendations in the context of instituting new State policies for new conditions.

## PART ONE

## SHARING RESPONSIBILITY FOR THE FUTURE: A REAFFIRMATION

Phase II of the ACR 81 study is the second of two steps in which the Legislature, the segments, and the Commission have joined to assure that access and quality in California postsecondary education are maintained in times of State financial stress. In its response to ACR 81 last April, the Commission examined in detail the State's goals of access and excellence for postsecondary education. It found that California has been remarkably successful in maintaining a balanced commitment to both goals. At the same time, it expressed serious concern that this commitment may erode as reduced State revenues threaten the maintenance of historic levels of State support for its public colleges and universities. The Commission found that all options for easing the threat would require difficult policy tradeoffs between access and quality as well as departures from the practices of the past two decades. Despite its hope that State revenues would improve, the Commission concluded that "if, as now seems apparent, limited State resources cannot serve the public interest fully, a new pattern of State policy and support must be found that recognizes the collateral priorities of access and excellence" (1982, p. 7).

In this part of the report, the Commission first considers the complex process of instituting new State policies for new conditions. It next relates the recommendations of Phase I to those of Phase II and then restates the principles of Phase I and suggests five new principles.

### NEW POLICIES FOR STATE SUPPORT

The Commission's ten major recommendations in its April report suggested an outline of new State policy and support patterns. The specification and development of this policy in Phase II has proven difficult for several reasons:

- First, the reality of existing policies--indeed of all policies --is in firmly held habits of thinking and acting, not in words. Moreover, in California postsecondary education, these habits are very often segmentally distinct. Proposals for new State policy must assume the task of modifying three existing patterns of thought and action, not just one.

- Second, to add to this complexity, existing segmental procedures and habits of thought originally arose as rational responses to real past needs. Although the passage of time and changed conditions--particularly enrollment change and financial stringency--may have rendered them no longer effective, their honorable origins naturally make them hard for their adherants to abandon.

- Third, instituting new State policies to respond to expected, projected, or probable circumstances rather than to past events presents inherent difficulties. Colleges and universities, like all organizations, are better able to react to the immediate actuality of stress than they are to anticipate even imminent disaster. The danger is that reaction in Capitol corridors during the closing days of the State budgetary process is unlikely to promote more than an immediate dollar tradeoff in a single segment. The State's interest in intersegmental response to stress may easily be overlooked.

That change is possible at all under these circumstances is remarkable. Four factors appear responsible for the acceptance of the major changes proposed in Phase I: (1) the context of the 1982-83 State budgetary process impressed all concerned with the seriousness of State revenue constraints, (2) negotiation of very real tradeoffs were underway at the same time that they were under discussion during Phase I, and (3) for the most part, the changes recommended overarched and included, rather than replaced, existing segmental policies and procedures. A possible fourth factor was the broad intersegmental view of their activities that was shared by members of the advisory committee and subsequently recognized by the Legislature. All of the parties to the discussion acknowledged that their individual interests would best be served by dealing with their common problems in an open, constructive manner. Although change is difficult, it is not impossible.

The recommended policy changes in this and our earlier report are founded on the State's three major goals for postsecondary education (Commission, 1981, p. 4):

> Access: Sufficient institutions, faculty, and programs to allow every qualified California resident to participate in the type of undergraduate education beyond high school for which he or she is qualified, without restrictions because of sex, ethnicity, socioeconomic level, or cultural background.
>
> Excellence: Institutions and programs that provide instruction, research, and public service for California and its residents that are commensurate with the needs of the people of the State and are at least equal to or better than those provided by any other state.

Responsibility: Fiscal and programmatic management that encourages individual, institutional, segmental, and State accountability and initiative in order to facilitate access and promote excellence.

We must emphasize the limits of change in preservation of these historic goals. California's colleges and universities are, and have been, bending to the heavy winds of State fiscal stringency. State and segmental policies that accept higher student charges to maintain access and quality are evidence of substantial change. But neither our Phase I recommendations nor those in this present report can reach the extraordinarily great problems that would ensue if the State's economic difficulties reach hurricane proportions. At some point, a significant reduction in State General Fund support would break historical relationships among funding, access and quality and force systemic change. We cannot predict what might emerge from the debris, but any new system would almost by necessity entail limitation and modification of the present broad goals. We urge that the Governor and Legislature do everything possible to avoid this contingency. Narrowing California's commitment to access and quality would be no less than a disaster.

## FROM PHASE I TO PHASE II

All ten of the Commission's Phase I recommendations, together with comments on legislative and other disposition of them, appear in Appendix A, but those recommendations that have given rise to the Phase II study and are most relevant to it warrant emphasis here. They can be summarized under four general headings: (1) new State funding policies, (2) appropriate relationships between individual and public support, (3) distribution of student financial aid, and (4) use of student charge revenues.

### New State Funding Policies

The major thrust of the Commission's April report was recognition of the importance of maintaining low student charges despite the likelihood of deteriorating State revenues that appeared to make increased charges inevitable (Recommendation 1). The Commission proposed in Recommendation 2 that access and excellence could be best maintained by a combination of moderate and predictable increases in charges and providing sufficient State-funded financial aid. The Legislature agreed in Supplemental Language to the 1982-83 Budget Act:

> Budget reductions will require that a choice be made among curtailing enrollments, inhibiting the ability of [the] state to provide the conditions under which quality can be fostered, or raising student charges. In order to maintain the state's commitment to access and quality, the only realistic option is to raise fees if sufficient financial aid to offset the fee increases for students with financial need is provided . . . (Item 6440-001-001, subitem 11).

These first two recommendations of the earlier report remain the guiding theme for the present one. Informed choices among equally desirable objectives will be needed in order to alleviate threats to access and quality. Realistically, the Commission, the Legislature, and the segments must ask which option can cause the least harm to the postsecondary system. This unpleasant question looms large in the discussion in Part Two below of current restrictions on the use of revenues from categorical student charges.

## Appropriate Relationships Between Individual and Public Support

In April, the Commission's review of student charges found that reasonable relationships between State and student support had existed prior to 1980-81, but that reductions since 1980-81 in University and State University budgets were adopted with the expectation (since realized) that the segments would increase student charges to offset these General Fund reductions. The Commission listed a number of far-reaching and serious defects typical of fragmented, ad hoc decisions that stem from short-term budgetary considerations.

The Commission's major recommendations based on these findings (Nos. 3 and 4) were that explicit State policies be established for setting and adjusting student charges in the University and State University. The Legislature concurred with these recommendations in Items 6440-001-001 (12) and 6610-001-001 (11) of its 1982-83 Supplemental Budget Report. The Legislature's action is critical to the Commission's proposals in Part Two of the present report regarding uses of revenues from student charges, for it sets a firm ceiling on student charges based on a percentage of total State appropriations.

The Legislature did not adopt the Commission's April recommendation for policies that would require graduate students to pay higher charges than undergraduates (No. 4.3). Instead, it directed both the Commission and the University to report further on this issue,

and the Commission's response and recommendations are found in Part Two below.

The Commission's major recommendation with respect to Community Colleges was that the State "establish explicit policies to assure a combination of State and student support of Community Colleges programs that, to the extent possible, continue existing no charge practices for students enrolled in courses and programs that have greatest State priority." The Commission also made two specific recommendations with regard to Community College support (Nos. 5 and 6) for 1982-83. The first proposed the adoption of a contingency fee plan by the Board of Governors and the second advocated savings through course reclassification and offsets against district reserves. Disposition of these two recommendations is outlined in Appendix A, but the implications for access and quality of the contingency plan for mandatory fees to be adopted by the Board of Governors of the California Community Colleges on December 10, 1982, cannot be reviewed in this present report. They will be the subject of a separate Commission report to the Governor and Legislature early in 1983.

## Distribution of Student Financial Aid

The Commission made two recommendations in its April report that gave explicit recognition to the interdependence of student charges and financial aid. One (No. 7) proposed that the State formally assume responsibility for financial assistance to offset increases in student charges. The second (No. 8) made specific proposals for implementing this policy in the 1982-83 State Budget.

The Legislature concurred with the principles expressed in these recommendations, although its actions reflected its inability to implement these fully in a time of financial crisis. The Legislature also agreed "it should be the long-term policy that the state assume responsibility for funding financial aid currently provided by student fee revenues" (1982-83 Supplemental Budget Report, Item 6440-001-001, subitem 15).

The Legislature asked the Commission for further study of "the level of additional financial aid required to maintain student access at various levels of student charges and . . . any additional issues recommended for further study from the ACR 81 study" (Item 6420-001-001, subitem 1). The Commission's two recommendations in Part Three below seek to respond to this charge in light of both legislative adoption of its Phase I recommendations and the continuing uncertainties of federal policy regarding financial aid.

## Use of Student Charge Revenues

Finally, in its April report, the Commission stated its finding that the level of student charges was more critical to assuring access than the use of these revenues. It asked the Legislature that it be allowed to defer further comments on the appropriate uses of student fee revenues pending further study (Recommendation 9), and the Legislature concurred.

The present report reaffirms the Commission's earlier finding, but it qualifies it by expressing concern that continuing the restrictions of existing categorical student charges in the University and State University may limit management flexibility, skew institutional priorities, and possibly endanger both access and quality. The Legislature has taken the first step toward maintaining access and quality during times of financial stress by stating its intent that "fee increases should be gradual, moderate, and predictable and that in order to keep fees as low as possible the state should continue to bear primary responsibility for the cost of providing postsecondary education" (1982-83 Supplemental Budget Report, Item 6440-001-001, subitem 11; and Item 6610-001-001, subitem 10). The Commission believes that implementation of its recommendations on categorical student fees in Part Two of this report will be the major second step.

## PRINCIPLES OF PHASE I AND PHASE II

In responding to ACR 81 last April, the Commission relied on six principles or guidelines for its recommendations. The basic premise of these principles was that, in times of State economic difficulty, historical levels of access and educational excellence could be maintained and fostered only if State policy explicitly stated expectations of how the State and students would share in support of postsecondary education. We hereby reaffirm these six guidelines (1982, pp. 11-12):

1. The State's and the students' shares in the cost of providing postsecondary education should be explicitly identified.

2. The State should bear the primary responsibility for the cost of providing postsecondary education, and student charges should remain as low as possible.

3. The State should assure that financial assistance is available for eligible students with demonstrated financial need. When student charges in public postsecondary education are raised, sufficient student financial aid must be provided to permit attendance of students who cannot afford the increase.

4. Student charges and financial aid policies should permit students to choose public educational institutions most appropriate to their abilities and goals. Price should not become the decisive factor in students' choices among public colleges and universities. The State should continue to support student financial aid policies which provide access to and reasonable choice among many types of postsecondary institutions, including public and independent, for qualified students with demonstrated need.

5. State policy should provide an equitable and consistent procedure for establishing and adjusting student charges. Such policy should take into account the relationship among levels of charges in the three public segments and the influence of those levels on student enrollment patterns. It should also assure that increases are gradual and moderate, and predictable within reasonable ranges, in order to avoid disrupting ongoing institutional programs and student expectations.

6. The State should adopt policies providing for greater consistency in the public subsidy for Community College course offerings and restrict priority for State subsidy to those courses that offer clear public benefits in addition to individual benefits. No general charge should be implemented for the Community Colleges until the effects of these policies are known.

Based on these guidelines, in April the Commission recommended State policies that would continue the State's commitment to access and excellence despite fiscal stringency by (1) recognizing that the most equitable student charges policies are not necessarily no charges or low charges when student financial aid is available, and (2) explicitly relating students' share of the cost of education to the State's larger share.

During the Legislature's consideration of the Phase I report, as well as the Commission's deliberations and those of the advisory committee in Phase II, it has become evident that response to the

most recent legislative requests requires five additional guidelines or criteria to supplement and complement those of the original report:

7. The State should assure stable, continuing funding of State-based and institution-based student financial aid programs.

8. Subject to explicit State policy ceilings, as students undertake advanced postsecondary study, they should be expected to make greater financial contributions for that opportunity.

9. Student charge policies should be as fair and equitable as possible.

10. Decisions to increase or decrease enrollments in particular fields should be implemented through State and segmental academic planning and budgeting decisions, rather than by increases or reductions in student charges.

11. State policy on use of student charge revenues should not restrict the ability of the segments to preserve access and quality.

These eleven principles have enabled the Commission to make recommendations in the following pages that will strengthen the ability of the State to maintain its commitment to access and excellence (1) by recognizing the essential role of segmental governing boards in responding to changing conditions, and (2) by making explicit the importance of certainty and continuity in the provision of financial aid.

## PART TWO

## USES AND LEVELS OF STUDENT CHARGES*

The Commission offers four recommendations in this part to: (1) assure that student charges remain low, (2) assure that revenues from student charges are available to the segments to maintain access and quality, and (3) recognize the greater benefits of graduate and professional education by variations in student charges for students in postbaccalaureate programs. These recommendations apply only to student charges in the University and State University. The Board of Governors of the Community Colleges is forwarding a contingency plan for mandatory fees to the Governor and Legislature. The Commission will review that report when it becomes available under the principles and guidelines, and with the advisory structure used to reach the recommendations in this and its earlier report.

The following recommendations are based on three vital premises:

1. The State will continue to provide stable financial aid to offset increases in student charges. Recommendations to this end are made in Part Three below.

* For the purposes of this report, student charges are defined as all of the mandatory fees assessed to all students as a condition of enrollment, including mandatory student activity or student body fees. In addition, at the University of California, these charges include, but are not limited to, the Registration Fee and Educational Fee, currently $510 and $627, respectively. At the State University, they include such fees as the Student Services Fee, currently $216, and the State University Fee, which is $48 for students enrolled for less than six units and $150 for other students. Fees that are charged only to users of particular services are not included in this definition of student charges. In the Community Colleges, no fees are presently imposed on students which meet this definition of student charges. However, Community College districts are authorized to levy a variety of special user fees such as those for parking or health services. Any additional fees, such as the mid-year surcharges levied by the University and State University in 1981-82, or any permanent fee increases, if they were levied on all students as a condition of enrollment, would be included in this definition of student charges and would be subject to the provisions of the recommendations in this report.

2. Moderate shortfalls in State revenues will not be met by charging students more than their share of costs as that share is now defined by State policy.

3. The State's capacity and willingness to maintain the present depth and breadth of postsecondary education opportunities will continue.

The 1960 Master Plan for Higher Education in California explicitly established the principle that public higher education institutions shall be tuition free to all residents of the State. In the Master Plan, tuition is defined generally as teaching expense, which is itself defined as follows:

> Teaching expense is defined to include the cost of the salaries of instructors involved in teaching for the proportion of their time which is concerned with instruction, plus the clerical salaries, supplies, equipment, and organized activities related to teaching (Master Plan Survey Team, 1960, p. 174).

While endorsing the concept of tuition-free education for State residents, the Master Plan Survey Team indicated that:

> Students should assume greater responsibility for financing their education by paying fees sufficient to cover the operating costs of services not directly related to instruction (p. 173).

California's recent history of large, sudden increases in student charges to offset cutbacks in State appropriations has tarnished the image of the "no tuition" policy. But for many years, "no tuition" was a symbol of low charges and of a commitment to access matched by no other state. The commitment to access must continue, but it can be best maintained by explicitly preserving the substance of low charges, not the symbol of "no tuition." The Commission finds at least six existing or clearly potential difficulties with the "no tuition" concept which encompass all three segments.

- Existing definitions of "tuition" are inconsistent. Under the Master Plan, use of charges for the cost of instructors' salaries would constitute tuition. The classification of charges used to support "salaries, supplies, equipment, and organized activities related to teaching" as tuition or not is the subject of considerable debate. At the State University, for example, the definition of tuition for nonresident fee purposes was recently changed to include support for those instructional budget categories--Instruction and Academic Support--which are enrollment based. In guidelines adopted for the Instructionally Related Activities Fee, the Board of Trustees stated that "revenues from the fee shall not be expended on matters which are tuitional." Thus,

such revenues shall not be used to support faculty positions provided through the General Fund. But officials at the University of California define tuition differently; there, tuition is any charge for direct and indirect costs of instruction, research, and public service. In practice, tuition is any charge for other than specified student services--that is those student services currently supported by student fees plus Student Affirmative Action, Disabled Student Services, and the Office of Admissions and Registrar. (The costs of the Offices of Admissions and Registrar were formerly included among the costs which would constitute tuition.) Meanwhile, the Community Colleges consider tuition to be any general student fee which is mandatory, not permissive, and which can be applied toward general institutional support.

- Current restrictions on the use of charge revenues and the purposes for which students can be charged may create categories of expenditures that are less subject to State General Fund budget reductions than other institutional activities. Current restrictions may artificially limit a segment's ability to use scarce resources to meet its highest priority needs and fulfill its missions. The prohibition against using student charges to support instruction may become a prohibition on maintaining quality instructional programs, should State general funding levels prove insufficient. If limited dollars must be spent for counseling for example, or any other specified student service, they cannot be spent for new instructional equipment, library books, or extra class sections. The initial decision on relative priorities must be that of the segmental governing boards, but the existing categorical nature of student charges may prevent them from acting to protect access and quality. Under current procedures, the Governor and Legislature review segmental proposals, but such review is clouded and confused by the inconsistent and shifting definitions of fee-supported activities.

- Continued adherence to a "no tuition" policy in California has not slowed the rate of fee increases in recent years in the University and State University. Public institutions that are comparable to the University in other states, for example, charge resident undergraduates for instruction, and yet only one of these has had an overall rate of increase in its student charges between 1978-79 and 1982-83 that exceeded the University's (63%). While the level of student charges at the State University remains less than half that of average student charges in public institutions comparable to it in other states, the rate (115%) at which its charges have increased between 1978-79 and 1982-83 is twice the average rate of increases for these institutions. During this period of fiscal stringency and unallocated budget reductions, the "no tuition" policy has not been an effective cap on charge levels or rates of increase.

- Current charge structures vary widely among the segments, and the nature and level of what students pay for and what the State supports differ substantially. For example, University students pay, through charges, between $45 and $50 million in student financial aid for their fellow students, but almost all student aid in the State University and Community Colleges is provided by either the State or the federal government. University students partially support student affirmative action and outreach programs in their segment, while these efforts are State-funded categorical programs in the other two public segments.

- The level of student services support per student varies dramatically among the segments. Although the total revenues generated for student services by the Registration Fee at the University and Student Services Fee at the State University have been substantially the same, the charges per student have been substantially different. Historically, students at the University have paid more than twice what State University students have paid, and if support for financial aid is included, the difference is closer to three times as much. Furthermore, students at the Community Colleges do not pay for support of basic student services which are supported by mandatory student charges in the four-year segments. For example, support for counseling and guidance at the Community Colleges must come from their regular apportionments.

- Student support for ancillary services varies dramatically among the segments. These services include parking, dormitories, and food services, as well as a broad range of user-supported activities and services. All student users of ancillary services in the four-year segments bear the full cost of such services, but Community College students may or may not pay for all, some, or none of these same services depending on the type and level of fees authorized in statute, and the policies established by the local board of trustees. In the four-year segments, for example, students must pay parking fees if they want a place for their cars. In the Community Colleges, on the other hand, parking fees may be charged to all students whether or not they have a car, to none of the students, or, as in the four-year segments, only to those who use parking facilities; in districts with parking charges, revenues may cover all or only a portion of the cost of the facilities.

Although each of these problems has existed in some form for many years, the State has had sufficient resources to prevent damage arising from their existence. The Commission believes that now the potential for real harm to postsecondary education in California is imminent and finds that the combination of these six problems and the State's fiscal constraints require new policies to maintain access and excellence.

## STATE COMMITMENT TO LOW LEVELS OF STUDENT CHARGES SHOULD BE REAFFIRMED

As noted in Part One above, the Commission found in its April report that the level of student charges was more important to the maintenance of access than the use of the revenues from these charges (1982, p. 33). The Commission reaffirms this finding and emphasizes it as fundamental to the discussion and recommendations in this report. Subsequent recommendations on the use of student charge revenues are predicated on a State policy establishing a ceiling on the levels of those charges. The first recommendation of the April report urged a return to lower student charges. The first recommendation in this report again recognizes the priority of keeping student charges as low as possible:

> RECOMMENDATION 1. Student charges in the University and State University should be kept as low as possible within explicit State policies.
>
> 1.1 The level of student charges in the University and State University, regardless of the purposes for which the revenues are used, should not exceed the levels authorized under State policy implemented in Supplemental Language to the 1982-83 Budget Act (Item 6440-001-001, subitem 12; Item 6610-001-001, subitem 10).
>
> 1.2 Levels of student charges should not be increased because of continuing refinements of the technical calculations required to implement State policy.

Current State policy establishes ranges within which levels of student charges are set. The students' share of total support is determined by its relationship to total State General Fund appropriations and property tax revenues used to support postsecondary education. These total State appropriations and property tax revenues provide a "base" number that is readily available and by using a three-year average in calculations, sudden changes in student charges because of aberrations in State revenues or appropriations are avoided. State policy sets a range of 40-50 percent of the base for total student charges in the University, and of 10-20 percent of the base for those charges in the State University (1982-83 Supplemental Budget Report, Item 6440-001-001, subitem 12; Item 6610-001-001, subitem 11). These percentage ranges translate into 1982-83 limits of $1,200 to $1,500 in the University and $300 to $600 in the State University.

The ranges stated in existing policy reflect the Commission's belief that current fee levels are not unreasonable. The upper limits of the ranges have a reasonable relationship to current levels, and, if sufficient student financial aid were provided, would not result in undue disruption to students or to the existing gap in charges between the University and State University. Current policy assures that adjustments to the level of student charges in each segment is relative to the State's funding commitment. In Recommendations 1 and 1.1, the Commission urges that the State explicitly reiterate this policy in the Budget Act or statute.

Recommendation 1.2 distinguishes State policy regarding student charges from the technical procedures required to implement that policy. For policy purposes, the amount of State General Fund appropriations for postsecondary education and property tax revenues can be determined without difficulty. But there are many classifications of State appropriations, and the University and State University each have separate and complex accounting procedures. Precisely what items should be included or excluded in the base calculations is a technical question that only technicians can answer. But the policy outcomes--the actual amount of student charges--should not change because of technical, procedural changes. Although Recommendation 1.2 may represent an overabundance of caution, the Commission wishes to make it clear that technical considerations must not be a backdoor for policy changes. Changing social and economic conditions may require modification of existing policy limits on student charges, but these limits must be addressed directly and openly by State policy makers.

## THE SEGMENTS' PRIMARY RESPONSIBILITY FOR ACCESS AND QUALITY SHOULD NOT BE LIMITED BY RESTRICTIONS ON USE OF STUDENT CHARGE REVENUES

In Phase I, the Commission, with legislative concurrence, deferred study of policy issues regarding "the activities that shall be funded with revenues from student charges" (1982-83 Supplemental Budget Report, Item 6420-001-001, subitem 1). The Commission has now examined State and segmental practices on the use of charges over the past two decades. It finds that the use of student charge revenues has been confined to selected but shifting categories of student services and related activities. Although admittedly ambiguous at the margins and changing over time, these "categorical charge" practices are generally recognized as California's "no tuition" policy. With minor exceptions, students have not been asked to pay for instructional programs.

The Commission's concern about the categorical charges arises from the greater vulnerability to State funding reductions of those activities without student fee support. The Commission does not suggest that student-fee-supported activities are now over-funded, or that they may have been funded at the expense of State-supported functions. It does suggest, however, that restrictions on the use of student fee revenues may restrict the ability of the segments to fund high-priority activities in the pursuit of access and excellence.

This "no tuition" policy served the State well when resources were sufficient to meet all commitments. But it was the sufficiency of State resources, not the "no tuition" policy that kept charges low. In 1981-82 and 1982-83, student charges increased substantially and suddenly in both the University and State University to offset unallocated budget reductions. The very great probability of continuing State fiscal stringency requires the Commission to recommend:

> RECOMMENDATION 2. If the governing board of the University or the State University finds that State appropriations are not sufficient to maintain standards of quality and access, it should use revenues from student charges to supplement other resources in funding those institutional functions that are essential to maintaining these standards.
>
> 2.1 Student participation in the review of segmental decisions about uses of student charge revenues should be continued.
>
> 2.2 The Department of Finance should display in the Governor's Budget the amounts and allocations of fee revenues for each segment which charges mandatory fees as a condition of enrollment.
>
> 2.3 Any new types of student charges established by the State, the University, or the State University should be expressly subject to State policy limits on charge levels (as stated in Recommendation 1 above) and State policy on the use of charge revenues as set out in Recommendation 2.

Recommendation 2 recognizes the segmental governing boards' responsibility to identify the appropriate use of charge revenues that will assure the most effective use of resources for maintaining and enhancing both access and quality. To reach this recommendation, the Commission examined a range of policy options from restrictions

even more precisely defined than currently to no restrictions on use of these revenues. (This continuum is described in the Commission staff paper, "Options and Alternatives for Recommendations" listed in Appendix B.) Removal of all restrictions would mean immediate and total abandonment of the "no tuition" policy. Neither the State nor the segments would have the guidance of new policies. Although the Commission believes that the "no tuition" policy is not effective in holding down student charges, that policy should not be discarded without provision of an adequate substitute.

The opposite extreme is defining restrictions with great precision. Executive and legislative fiscal staff express understandable concern about knowing when the "no tuition" threshold would be crossed in terms of budgetary categories and amounts. The Commission believes, however, that they seek a rational solution rather than advocating the particular solution of more exact and precise definitions or restrictive categories. Although more exact categories might satisfy technical budgeting requirements better than the currently ambiguous and conflicting ones, such precision would perpetuate many of the shortcomings of current practice and would exacerbate State and segmental problems in best using limited resources.

Recommendation 2 takes a middle ground. By conditioning use of student charge revenues for instructional purposes on a finding that access and quality would be damaged otherwise, the State and students have assurance that these goals receive express attention by the governing boards. Allowing broader use of fees removes the necessity for the "creative accounting" that has shifted activities from one fund to another for no purpose other than to preserve the symbol of "no tuition." The Commission believes that its recommendation will increase the credibility of the segmental budgetary processes in the eyes of students and the State.

Recommendation 2.1 recognizes that students currently participate to varying degrees in determining the use of revenues from the charges that they pay. Expanding the possible uses of these revenues may or may not have implications for this participation, but the nature and extent of student participation is a matter of segmental governance and policy.

Recommendation 2.2 is intended to make it clear that the elimination of a priori categorical restrictions does not mean elimination of accountability for the use of student charge revenues. The Commission is aware of the potential vulnerability of current student-fee-supported functions if this recommendation is implemented by one or more of the segmental governing boards. On the other hand, the Commission believes that there is a very real and serious risk that other high-priority activities, including instruction, could be seriously damaged by future budget reductions simply as a func-

tion of their funding source, while student-fee-supported activities could continue to be fully supported. In these difficult fiscal times, segments and the State should be permitted to review thoroughly all of their activities, to assess the contribution of each to the overall mission of the institution, and to allocate budget reductions within the context of overall segmental priorities.

Recommendation 2.3 reflects Commission concern that old habits die hard. New types of charges may be appropriate, but these should not fall into the old patterns of manipulation and shifting support.

Taken together, Recommendations 2.1, 2.2, and 2.3 offer reassurance to both the State and students that segmental governing boards will not abuse the flexibility available to them if restrictions on use of revenues are removed. The Commission is confident that the governing boards will exercise their discretion wisely. This confidence arises less from the requirements of Recommendations 2.1, 2.2, and 2.3, than from the realities of governance and budgeting. Governing boards initially will need to determine that access and quality are threatened and then allocate resources to the areas where the danger is most apparent. But they will not exercise this responsibility in a vacuum. Students and faculty closely follow segmental budget developments, and are not hesitant to disagree with governing board decisions. Moreover, the State most assuredly shares responsibility for access and quality, and the Legislature will be the same forum for resolving conflicting priorities in the future that it has been in the past. Resource allocation must begin with the segmental governing boards, but it is a negotiated process that involves many people.

The Commission has considered but rejected suggestions for limiting the segmental governing boards' discretion in the use of student charge revenues. State policy should not require, for example, that a specific proportion of student charge revenues be set aside for student services or that such revenues be unavailable for faculty salaries. The use of these revenues must be unrestricted if governing boards are to be free to protect access and quality under the myriad circumstances that cannot now be foreseen. A board's findings that access or quality is threatened will indicate where resources are needed, and its ability to meet the threat should be no more limited by a priori restrictions on the conditional discretion proposed in Recommendation 2 than by the existing categorical nature of student charges.

At the same time, the Commission does not intend that the State shift its primary responsibility for supporting the costs of postsecondary education to students (see Principle 2, p. 8). Only in the most critical of fiscal circumstances should the segments and their students be expected to increase their shares of the support of institutional activities.

In summary, the Commission believes that the "no tuition" policy has symbolized California's substantive commitment to postsecondary education: to provide at State expense the greatest possible range and depth of opportunities at low cost to students--a State commitment to excellence and access. That commitment was fulfilled as long as the State had sufficient resources to fund historic levels of quality. But, as State resources have become limited, the "no tuition" policy has not constrained student fee increases or fee levels. The "no tuition" policy has given the illusion of stability but not the substance. In recent years, support for many activities previously funded by the State was shifted to student support, and student fees were increased in order to bolster State support in other program areas. As long as the State and the segments retained the ability to redefine and recategorize those activities which can be supported by student fees as "student services," the "no tuition" symbol was maintained, but student charges still increased. What California now needs is not the "no tuition" symbol, but the substance of State and segmental commitments to keep fees low, State provision of adequate General Fund support, and governing board responsibility for using student charges revenues to maintain access and quality.

## GRADUATE AND PROFESSIONAL STUDENTS SHOULD ASSUME MODERATELY GREATER RESPONSIBILITY FOR THEIR EDUCATIONS THAN UNDERGRADUATE STUDENTS

In its response to ACR 81, the Commission recommended that all resident graduate and professional students should pay 20 to 30 percent more than resident undergraduates in the same segment. The faculty, administration, and students of the University of California opposed any but the existing differential for postbaccalaureate students. The Legislature considered an alternative that would have imposed substantial tuition for students in medicine ($2,500), dentistry ($2,000), and law ($1,000) in addition to their regular charges. This proposal was not adopted, nor was the Commission's recommendation, but the Legislature did ask the Commission to study the issue further and to:

> develop recommendations for: (1) the establishment of tuition charges for postbaccalaureate students, and (2) the provision of appropriate levels and kinds of student financial aid to offset tuition charges for postbaccalaureate students with demonstrated financial need. Consideration should be given to: (1) relative costs of different graduate programs, (2) remuneration for graduates of different postbaccalaureate programs, and (3)

alternative payment structures and financial aid mechanisms, including waivers and deferrals for public service (1982-83 Supplemental Budget Report, Item 6420-001-001, subitem 3).

At the same time, the Legislature asked the University to develop by March 1983 a plan for postbaccalaureate tuition in certain professional degree programs to be implemented for the 1983-84 academic year.

The Commission's second look at graduate and professional student charges has led to a modification of its Phase I recommendation. Now as then, however, the questions of whether graduate students should pay higher charges and, if so, how much higher, are not ones that are answered by either quantitative data or settled values. The Commission holds that graduate student charges should not be based on precise costs of education in a particular discipline. Cost accounting can tell us that graduate education in general is more expensive, but it cannot provide exact numbers. Varying charges by individual disciplines would be a nightmare for students and the institutions. We also hold that graduate student charges should not be based on legislative or segmental perceptions that a particular field is overcrowded. Academic planning and State priorities should determine the size of enrollments, not an individual student's ability to pay a mandatory charge.

The Commission has little doubt but that postbaccalaureate programs cost more than do undergraduate programs. Student-faculty ratios in graduate programs are generally lower than in undergraduate programs in the same field, and graduate student courses are not taught by teaching assistants. Moreover, graduate students require greater individual attention from faculty members, and in some fields, may need access to expensive laboratory equipment or other research resources not used by undergraduate students.

The State derives benefits from postbaccalaureate education, for specialized graduates are necessary to California's economic, technical, social, and cultural development. Graduate and professional education prepares people for entry into teaching, business management, legal, dental, medical, and other careers which enhance the economic and social diversity of the State. Finally, State-supported postbaccalaureate education provides an "important means of access for disadvantaged populations in our society."

Students also benefit from the opportunity to pursue postbaccalaureate education. In many fields, individuals with postbaccalaureate degrees are able to command greater incomes than those without such degrees, although there are also many fields in which the returns on the investment in a graduate degree are limited, or

where greater income possibilities do not exist. Nonfinancial benefits include accessibility to career options closed to those without graduate degrees as well as the prestige of having earned a postbaccalaureate degree or of working in a high-status occupation which demands postbaccalaureate training.

These relative costs and benefits must be weighed in a context in which graduate students finance their educations differently from undergraduate students. More of them are self-supporting and receive no assistance from their parents. Much of the financial aid available to graduate students in academic programs is distributed on the basis of academic performance, rather than financial need, although many students who receive this aid also have financial need. Graduate students in professional degree programs generally do not receive grants, teaching or research assistantships, or work aid to help finance their educations. As a result, they are particularly dependent on loans to finance their educations. Older and more experienced than undergraduates, graduate students may be presumed to be better able to manage their debts. But the debt obligation of graduate students is larger, and the burden of this larger debt must be a factor in the financing of graduate education.

The State's commitment to financial aid for graduate students has been small: 800 to 1,000 grants annually for a total yearly cost of approximately $2.6 million. Federal financial aid for graduate students has taken two major forms: (1) support for research projects which employ graduate students as research assistants, and (2) support for various need-based work and loan programs, the largest of which, the Guaranteed Student Loan program, may become restricted to undergraduates alone if federal administration proposals are adopted.

The existence of both individual and public costs and benefits is doubted by no one. Nor are the differences in the financing of graduate and undergraduate education. But quantification is impossible, and there is little agreement on how factors should be weighted. It is the Commission's opinion that graduate and professional students derive a greater personal benefit from their education than do undergraduates, and that this greater individual benefit should be reflected in higher charges. As students progress to higher and more costly levels of education in pursuit of personal goals, it is reasonable to expect them to assume greater responsibility for the costs of their education than do undergraduates, assuming sufficient student financial aid to offset the increased charges for students with financial need. Therefore, the Commission recommends:

RECOMMENDATION 3. Graduate and professional students should pay a moderately higher charge than do undergraduates.

3.1 The University and State University should charge graduate and professional postbaccalaureate students 5 to 10 percent more than resident undergraduate students in the same segment.

3.2 Student charges for professional postbaccalaureate students in the University in selected disciplines should be fixed at between 15 and 20 percent above resident charges for other postbaccalaureate students if the professional field is characterized by (1) significantly higher instructional costs, (2) historically higher average incomes of graduates, and (3) a consistent pattern of higher charges in institutions comparable to the University in other states. Medicine, dentistry, and veterinary medicine currently meet these criteria for higher charges. If students enrolled in these fields are charged the additional differential in 1983-84, the impact should be reviewed prior to January 1, 1987.

3.3 The State should provide sufficient financial aid to students with demonstrated financial need through existing State- and institution-based financial aid structures to offset increases in student charges resulting from implementation of this recommendation.

These recommendations modify Recommendation 4.3 in the Commission's original ACR 81 report and, in the case of the University of California, would continue the differential paid by graduate students, which has ranged over the years from 5 to 10 percent above undergraduate fees with no apparent negative effect on the composition of the graduate student body. The Commission believes that implementation of a similar graduate differential at the State University, if accompanied by financial aid, would not inhibit access either. In the University of California, these graduate differentials could generate fee levels that would result in student support of instruction.

Officials of the University of California have made a strong case that the benefits to the State outweigh the State's costs in providing graduate education. They believe that while "cost is measurable, the value to society can be stated only qualitatively leaving considerable uncertainty in what charges to assess students." They are concerned that charging graduate students higher fees than undergraduate students would aggravate existing problems postbacca-

laureate students face in financing their educations. They believe that even if financial aid is provided to offset any fee differential, the quality and composition of the graduate student body will change, particularly reducing access to disadvantaged, low-income, or minority students. Their final concern is that charging graduate students higher fees than undergraduates would serve as a disincentive (1) for students to study in fields with low potential incomes; (2) for students in fields such as mathematics, computer science, and engineering where entry-level salaries are high for those with baccalaureate degrees; and (3) for graduates with postbaccalaureate degrees to provide important public services with low remuneration. For these reasons, they oppose any further differentiation of fees between undergraduate and graduate students.

The Commission shares these University concerns, but does not find them compelling. The setting of student charges is always subjective and qualitative. The Commission's recommended range of possible differentials provides guidance if not certainty. The differential recommended is much smaller than that proposed in Phase I. The Commission does not believe that the very modest differential now recommended would increase existing problems faced by graduate students in financing their educations, nor does it believe that the differential would act as a disincentive in the ways the University suggests. As for the impact on low-income or minority students, again the small differential should make little difference if sufficient financial aid is provided. The relative underrepresentation of minorities in advanced graduate and professional programs seems more attributable to poor elementary and secondary preparation than to either current or proposed levels of charges.

The additional differential for medicine, dentistry, and veterinary medicine, but not law, recognizes that these are the known graduate professional fields characterized by all of the following: significantly higher instructional costs, historically higher average incomes of graduates, and a consistent pattern of higher charges in institutions in other states which are comparable to the University. Unless all three of these criteria are met, additional postbaccalaureate differentials should not be charged. The Commission's concern, if this policy is not followed, is that charge levels will be adjusted in response to annual conditions, particularly with respect to entry-level incomes, which may not obtain at the time students enter the work force. Charge levels that fluctuate annually with aberrations in the job market would violate the State's commitment to stable, moderate, and predictable student charges.

## FINANCIAL INCENTIVES FOR PUBLIC SERVICE SHOULD BUILD ON EXISTING AID MECHANISMS

The Commission's examination at the Legislature's request of alternative payment structures and financial aid mechanisms, including waivers and deferrals for public service, has been limited to the three major models that provide incentives for entry into public service:

- Public Service Obligation. Students are provided initial funding for fees, books, supplies, and a monthly stipend under federal programs, including the Reserve Officers Training Corps, the Armed Forces Medical Program, and the Public Health Service Program. For many years, these programs have successfully encouraged entry into specific, organized, federal employment.

- Income Contingent Charges. Students are not provided with initial funding, but rather charges are deferred for payment out of future income. Commonly characterized as "learn, earn, and reimburse," these programs may differ substantially in both the amounts required to be repaid and the mechanisms for, and conditions on, repayment. We are not aware of programs of this type in public institutions.

- Loan Forgiveness. Students borrow to finance their education, but have portions of their loans forgiven for each year of public service. The federal National Direct Student Loan (NDSL) program exemplifies this model. Under this concept, students could borrow to finance their education, regardless of field. Those who would choose public service would be rewarded by loan forgiveness.

All three models would require the development of new State policies and administrative procedures for implementation. The "public services obligation" and the "income contingent charges" models would require new, initial procedures to determine eligibility for benefits, and would also require additional and immediate State funding either for students or to offset lost institutional revenues until deferred payments are made. Under the "loan forgiveness" program, new procedures would not be required for the initial processing, and the need for additional State funding would be deferred until loan payments were required. The "loan forgiveness" model would appear to be the most effective for a State program by (1) allowing the State to rely on existing financial aid structures for the initial funding and processing, and (2) allowing flexibility in targeting public service areas.

The Commission's first priority is sufficient financial aid to offset the effects of fee increases for all students with financial need, including graduate students. It recognizes a need for incentives to bring needed skills and services to underserved areas and populations. But a single solution to both of these problems may not serve either need particularly well. The amount necessary to serve as an incentive to a doctor to practice in a sparsely populated, low-income area might be far greater than the value of any outstanding loans. Students with financial need who wish to study in fields for which there is no identifiable supply shortages or maldistributions should have financial aid to do so. Therefore the Commission recommends:

RECOMMENDATION 4. State financial aid policies for postbaccalaureate students should give highest priority to offsetting increases for students with financial need.

4.1 If the State chooses to provide incentives for public service through the financial aid structure, it should do so by repayment of student loans obtained through existing federal and institutional loan programs. At such time as a decision to provide incentives is made, the Student Aid Commission, in consultation with the Postsecondary Education Commission, should be asked to develop new procedures for implementing and administering the program.

## PART THREE

## FUNDING OF STUDENT AID

Assembly Concurrent Resolution 81 requested the Commission's recommendations on "the appropriate distribution of student financial aid among all needy California postsecondary education students." The Commission's Phase I recommendations stressed the essential link between fees and student financial aid and the need for increased funding for student assistance to offset increases in student charges.

The Legislature adopted the Commission's financial aid recommendations, stating in Supplemental Language to the 1982-83 Budget Act that long-term State policy should be "that the State assume responsibility for funding financial aid currently provided by student fee revenues." The Legislature also requested the Commission's recommendations on "the level of additional financial aid required to maintain student access at various levels of student charges and . . . any additional issues recommended for further study from the ACR 81 study . . ." (Item 6420-001-001, subitem 1).

### THE STATE SHOULD ASSURE STABLE, CONTINUING FUNDING OF STUDENT AID PROGRAMS

The same kinds of ad hoc, fragmented, and short-term budgetary decisions that have characterized the setting of student fee levels in California during recent years have also affected student financial aid decisions. Even before the recent fiscal crises led to substantial fee increases for University and State University students, it was apparent that regular, predictable mechanisms did not exist for adjusting State-funded Student Aid Commission grants in response to student charge increases in independent colleges and universities. In 1981-82, the practice of fully offsetting fee increases in the University and State University for students who received Student Aid Commission awards was abandoned. Students in these segments as well as those in independent institutions who received grants from the Student Aid Commission were left uncertain about the portion of their fee increases which would be offset by State grants.

The State did attempt to offset public sector fee increases in 1982-83 by appropriating sufficient additional financial aid to

offset their impact for students with demonstrated financial need. In the University, the additional aid was funded from part of the revenues generated by the $197 per year increase in the Educational Fee adopted for 1982-83. In the State University, the Legislature appropriated $3.4 million in State General Funds for financial aid to offset the impact of the $125 fee increase in 1982-83.

Continual changes in the funding levels and eligibility standards for federal financial aid programs exacerbate the uncertain and unstable status of State-funded student aid programs. Expansion of the eligibility pool for major federal grant and loan programs through the Middle Income Student Assistance Act (MISSA) in 1978 was followed several years later by reductions in eligibility for some of those same programs to control expenditures. Later, in 1982-83, and in proposals for 1983-84, eligibility was reduced further to constant dollar levels below those in effect before the passage of the MISSA. The policy framework for implementing these changes has been uncertain, and decisions about funding levels and eligibility criteria have come late in the annual budget cycle.

Finally, one of the unintended consequences of fee increases in the public segments is the potential for redistribution of State-funded student aid in the Student Aid Commission programs from students attending independent colleges to those attending public institutions. Several suggestions for stabilizing or increasing the number of State-funded grants available to students who wish to attend independent institutions include: (1) adjusting the number of grants in relation to the number of eligible applicants, (2) adjusting the number of grants by the increases in the number of eligible public sector students, (3) adjusting the number of grants in relation to fee increases at the University and State University, and (4) guaranteeing students in particular segments a certain number or share of State-funded student aid awards.

In considering possible responses to the Legislature's most recent request, the Commission has identified six funding options and program elements ("Options and Alternatives for Recommendations," pp. 17-24). These include (1) State financing of financial aid for all students in the public segments, (2) implementation of State-funded fee waivers, (3) State funding to offset federal financial aid reductions, (4) financial aid augmentations to the segments and the Student Aid Commission to offset fee increases, (5) distributing State financial aid according to formulas guaranteeing specified shares of the total to each segment, and (6) expanding funding and eligibility for awards within the existing student financial aid structure. All but option (4) would either expand the State's role in providing financial assistance or would require substantial changes to the structure or administration of State-funded student financial aid.

The student financial aid picture is currently one of great uncertainty. Federal policies and procedures are in a period of transition, and the State's revenue projections cast doubt on its ability to fund even current levels of financial aid. Under these circumstances and at this time, the Commission cannot propose drastic restructuring of existing procedures. The Commission believes that the State can, in the short term, continue to achieve its goals of access within existing State and segmental program structures if sufficient funding is provided. The Commission recommends:

RECOMMENDATION 5. In 1983-84, the State should reaffirm its policy of providing sufficient student financial aid to offset increases in student charges for students with demonstrated financial need.

5.1 Beginning in 1983-84, the State should appropriate sufficient funding to the Student Aid Commission to fully offset student charge increases since 1981-82 for University and State University students who receive Student Aid Commission grants and who would qualify for full fee awards.

5.2 Beginning in 1983-84, the State should appropriate sufficient funding to the University and State University to offset student charge increases for students with financial need who do not receive Student Aid Commission grants.

5.3 Beginning in 1983-84, the State should appropriate sufficient funding to the Student Aid Commission to fund maximum grants for students at independent colleges who receive awards from the Commission at the same constant dollar level that was in effect in 1981-82.

5.4 If a general mandatory fee is adopted for Community College students, the State should appropriate sufficient funding to offset student charge increases for students who demonstrate financial need in that segment.

5.5 The State should act to prevent the inadvertent redistribution of State-funded financial aid. To that end, the California Student Aid Commission should identify and report on the advantages and disadvantages of various options to adjust the number of Commission grants and recommend the adoption of a single option to adjust the number of grants in 1983-84 so that opportunities to attend independent institutions are not reduced as a result of fee increases in the public segments.

5.6 The amount of State funding necessary to implement Recommendations 5.1 through 5.3 should be calculated according to a methodology which considers at least the following factors: (1) the amount of any proposed increase in charges, (2) the number of financial aid recipients already enrolled, (3) the number of additional students who might become eligible with higher charges, (4) the amount of additional federal financial aid funds which might partially offset an increase in charges, (5) the ability of the Cal Grant programs to partially offset the higher charges for their recipients, (6) self-help expectations, (7) whether or not additional aid will offset only increased charges, or both the increased charges and pending federal financial aid cuts, (8) the current income distribution of students within each segment, (9) the current proportion of financial aid recipients within each segment, (10) the price responsiveness of students with different income levels, and (11) the availability of federal funds and Cal Grant funds.

These recommendations seek to assure that similar assumptions are used in the consideration of students' financial need and that students with similar needs in different segments be treated equitably in the provision of financial aid. The Commission believes that the mix of State and segmental student financial aid provided in 1982-83 provides the flexibility necessary to meet the needs of students with financial need if sufficient State funding is allocated. The State component, administered through the Student Aid Commission, assures a source of portable, need-based grants that consider academic performance in the selection process. The segmental component assures a source of financial aid for students who may be ineligible for Student Aid Commission programs or who have special circumstances that are not considered in the Student Aid Commission selection process.

The Legislature appropriated $3.4 million to the State University to offset the 1982-83 fee increase for students with financial need. This funding was provided as a one-time emergency measure and the State University is preparing a report regarding the use of the funds. That report is pending. In the meantime, the Commission endorses the principle that each segment that charges fees should have some State-funded student financial aid to distribute to students with financial need. It will comment on the State University's use of the $3.4 million augmentation when the report becomes available.

## THE STATE SHOULD ASSUME RESPONSIBILITY FOR FUNDING UNIVERSITY FINANCIAL AID NOW FUNDED BY STUDENTS

In its earlier report, the Commission expressed its reservations about the University policy that requires student Educational Fee revenues to support financial aid. The original decision to use fee revenues for that purpose was a reasonable response to the fiscal and political realities of the early 1970s. State response to student political activism was pressure for higher student charges. Student response to higher charges was pressure for their use for financial aid. The Educational Fee was the University's response to State pressure, and the use of revenues from that fee for financial aid was its response to its students. Educational Fee revenues are now an important source of financial aid that would not otherwise be available to University students. At the same time, much of the large discrepancy in what University and State University students pay is explained by the fact that University students subsidize this large, segmental financial aid program and State University students do not. Until sufficient State funding is available, use of Educational Fee revenues for financial aid purposes will be an exception to the general policy of full State responsibility for all student financial assistance.

State policy is clear: "the State [should] assume responsibility for funding financial aid currently provided by student fee revenues (1982-83 Supplemental Budget Report, Item 6420-001-001, subitem 15). In Recommendation 5.2, the Commission urges State assumption of responsibility for financial aid to offset current increases in student charges in the University. Given the State's fiscal constraints, it would be unrealistic to propose or expect full, immediate implementation of State policy. But the Commission believes that ultimate realization of State policy is possible through an incremental approach. The Commission recommends:

> RECOMMENDATION 6. Over time, the State should phase in State General Fund Support of University financial aid programs currently funded by Educational Fee revenues.

The Commission believes that as students in the University pay for an increasing share of their own educations, they should not be burdened further by having to pay still higher fees in order to support another student's education. While Recommendation 5.2 seeks to maintain the University's segmentally administered financial aid programs and increase them in response to fee increases. Recommendation 6 (1) recognizes that funding of access through

financial aid is a public responsibility, and (2) proposes fulfilling that responsibility over time by replacing Educational Fee support of student financial aid with State General Fund support.

Recommendation 6 addresses a long-term issue, but that issue is only one among many that are apparent in the State's existing financial aid structure. There are current needs that are not met simply by offsetting increases in student charges. For example, the subsistence allowance in the Cal Grant B program has rarely been adjusted to reflect cost-of-living increases. The maximum Student Aid Commission grant received by independent college students has declined relative to average fee levels in that segment and fewer students attending independent colleges receive grants from the Student Aid Commission. Some students will lose eligibility for federal financial aid and their financial need may not be offset by other fee sources.

Other and more basic problems emerged from the work of the Student Financial Aid Policy Study Group in 1978-79. The Commission's present charge is at least as broad as the Legislature's charge to the Study Group, a charge that required a year and a half for response. The Study Group's specific recommendations for fundamental change were overtaken by dramatic shifts in federal student aid policy and funding. The reasons for fundamental change remain, however: (1) public doubts about the effectiveness and efficiency of existing structures, (2) unclear relationships between federal and State programs, (3) questions about the effectiveness of existing programs as enrollment stabilizes and probably declines, and (4) concerns about the effectiveness of existing programs for meeting the needs of the growing proportion of ethnic minority students in the enrollment pools.

Limited time and the urgency of specific issues have not allowed the Commission to go beyond the short-term financial aid problems addressed in its current recommendations. Even had time been available, State economic uncertainty, shifting federal policies, and the short-term nature of the forum would have made the Commission reluctant to recommend substantial revisions to existing financial aid structures. But ultimately the State must address the broader financial aid problems. A comprehensive review of the State's student financial aid policies and structures will be required. Many issues must be examined: State and segmental programs should be evaluated for effectiveness, efficiency, and equity. The roles of students and their families, the State and federal governments, and segments and institutions in the financing of postsecondary education should be reviewed in depth. The programmatic recommendations made by the Student Financial Aid Policy Study Group should be reevaluated in the context of current State, federal, and institutional funding commitments and student charge

policies. State objectives and priorities for student financial aid should be clearly defined. Finally, consideration should be given to new roles the State, the Student Aid Commission, institutions, and the private sector could play in assuring the effective use of resources available for financial aid.

## PART FOUR

## CHANGING POLICIES FOR CHANGING CONDITIONS

The Commission firmly believes that the State's current financial problems demand new policies for student charges and for student financial aid. Even though conditional, the recommendation that governing boards may require students to pay for instructional costs is a break with the past. But the recommended, new policies assume that the State will continue to place primary and equal emphasis on the goals of access and quality. They also assume the State's willingness and capacity to provide sufficient support to avoid drastic disruption of California's postsecondary education system.

The Commission recognizes, however, that the State is facing its worst financial crisis in half a century. It is aware of "worst case" projections that are far more pessimistic than its own assumptions. Should these "worst case" assumptions prove accurate, radically different structures and policies than recommended here might, and probably would, be required. Nevertheless, the Commission is convinced that the basic, overarching policy framework of this and its original report should be retained. The ends of access and quality and the means of student charges and financial aid are inseparably meshed:

- Student charges must be moderate, stable, predictable, and based on explicit policy considerations.
- Student charges must be related across segments by Master Plan considerations.
- Increases in student charges must be matched by increases in financial aid.
- Revenues from all sources must be available to meet the highest priorities of the students, the segments, and the State.
- The State and all constituents of postsecondary education must maintain a continuing dialogue on the critical relationships among access, quality, and financial support.

New policies, however conservative they may be, entail new risks. But still greater risks would arise from continuation of existing policies. The margins for error are narrowing, and each dollar, whether a student's or the State's must be put to the best use. The Commission considers the risks of the new policies to be minimal,

for they would be subject to all of the existing executive and legislative checks and counterchecks that assure policy accountability. Equally important, they provide operational definitions for the abstract goals of quality and access. To a greater extent than in the past, these goals can now be objectively analyzed and publicly examined.

California is fortunate in having almost universal acceptance among its citizens of the State's broad goals of access and quality. It is fortunate also in the extent of trust and confidence among State officials and education officials. The Legislature believed that the response to its questions in ACR 81 would encompass the best thinking of the postsecondary education community, and we believe that their confidence has been sustained. The educational community has proceeded with confidence that its recommendations would receive thoughtful and thorough legislative consideration, and it has not been disappointed in this belief.

Shared goals, trust, and confidence are not new. Indeed, they have been responsible for the achievements of California's postsecondary education system. In the past, shared goals, trust, and confidence have been largely implicit in segmentally discrete budgetary negotiations and formulas. But now, both demographic and fiscal reality require explicit definitions of shared policy beliefs. A major step in this direction was taken in Phase I of the ACR 81 project by relating University and State University student charges through ratios depending on total, State appropriations for postsecondary education. In Phase II, the major second step is the recommendation that governing boards may use revenues from all sources, including student charges, to protect access and quality.

Additional steps may be required, for even the most optimistic projections cast a troubled future:

- In the next 18 months, at least, the State will probably be unable to appropriate funds that will fully support State services at historical levels.

- For the next 10 or 15 years, postsecondary education and other State services will be required to adapt to a changing demographic structure. Colleges and universities can expect smaller enrollment pools with higher proportions of ethnic minorities in the traditional college-going age groups.

- Within 20 years, demographic trends will have reversed, and colleges and universities must be prepared for increased enrollments.

Difficult policy questions will arise, but they can be resolved. State government and the postsecondary education community share both the will to resolve such questions and the great common goals of access and excellence which remain constant even as the issues change.

## APPENDIX A

This appendix lists all of the recommendations in the Commission's April 1982 report, Student Charges, Student Financial Aid and Access to Postsecondary Education, and summarizes, where appropriate, their current status.

> RECOMMENDATION 1. To the extent that resources are available, and within the policies and procedures recommended in this report, the State and the segments should attempt to achieve the levels of student charges in constant dollars and the relationships of charges among the segments as these levels and differences existed in 1980-81 (page 13).

STATUS. Due to severe State budget constraints, student charges in the University and State University were increased beyond the constant-dollar levels in effect in 1980-81. Community College students continued to be exempt from any statewide mandatory fees, although many districts began charging permissive fees already authorized in statute.

> RECOMMENDATION 2. If the choice facing the State is one of curtailing enrollments, inhibiting the ability of the State to provide the conditions under which quality can be fostered, or raising student charges, then charges should be raised and the State should provide sufficient financial aid to offset the increases in charges for students with demonstrated financial need (page 13).

STATUS: This recommendation was adopted by the Legislature in Supplemental Language to the 1982-83 Budget Act (Items 6440-001-001, subitem 11 and 6610-001-001, subitem 10).

> RECOMMENDATION 3. The State should establish explicit policies for setting and adjusting student charges. Such policies should assume a continuing combination of State and student financing of public postsecondary education and should establish the basis on which adjustments in student charges will be made (page 15).

STATUS: This recommendation was adopted by the Legislature in Supplemental Language to the 1982-83 Budget Act (Items 6440-001-001, subitem 12 and 6610-001-001, subitem 11).

RECOMMENDATION 4. Student charges in the University and State University should be set and adjusted according to a regular process. The level of charges in each segment should be a percent of the average of the sum of State General Fund appropriations and property tax revenues for the previous three years for the support of full-time-equivalent students in public postsecondary education. Commission staff should work with segmental staffs on an ongoing basis to make refinements and modifications in the calculation of this base, as necessary.

4.1 Total student charges for full-time undergraduates in the University of California should be 40-50 percent of the base described in Recommendation 4.

4.2 Total student charges for full-time undergraduates in the State University should be 10-20 percent of the base described in Recommendation 4.

4.3 Graduate and postbaccalaureate professional students should pay somewhat higher charges than do undergraduate students. Charge s for graduate and postbaccalaureate professional students should be fixed at between 120 and 130 percent of undergraduate charges in each segment. Student financial assistance should be provided for students whose graduate or professional education would be jeopardized by these charge levels.

4.4 To assure equitable treatment of part-time students and to recognize fixed costs associated with their enrollment, student charges for part-time students should be less than those for full-time students. The actual differential in charges should consider thresholds for financial aid eligibility, mean and median credit loads of financial aid recipients, and actual use of facilities and services by students of different credit loads (pp. 15-16).

STATUS: This recommendation for University and State University undergraduate fee levels was adopted in Supplemental Language to the 1982-83 Budget Act (Items 6440-001-001, subitem 12 and 6610-001-001, subitem 11).

Recommendation 4.3 regarding fee levels for postbaccalaureate students was not adopted, and the Legislature requested the Commission for further study and recommendations on these levels.

The Legislature took no action on Recommendation 4.4 regarding fee levels for part-time students. The State University eliminated the existing differential in the Student Service Fee and included a differential for part-time students in the State University Fee.

RECOMMENDATION 5. The State should establish explicit policies to assure a combination of State and student support of Community College programs that, to the extent possible, continue existing no-charge practices for students enrolled in courses and programs that have greatest State priority.

5.1 To assure that only those programs or courses that have greatest State priority are subsidized by the State and to assure equitable support rates for similar courses in different districts, the Legislature should direct the Board of Governors to develop Title 5 regulations: (a) Identifying noncredit courses eligible for State support; (b) applying a uniform support rate of $1,100 per ADA for all courses in adult basic education, high school diploma programs, English as a second language, citizenship, and community education; and (c) determining which avocational, recreational, and personal development courses should be offered as community services classes on a self-supported basis.

5.2 To assure that student support of Community Colleges falls within the policies outlined in Recommendation 5, the Legislature should direct the Board of Governors to establish a contingency plan for implementing a statewide charge policy for the Community Colleges. This plan should be prepared by December 1, 1982, should incorporate procedures (1) to implement charges that are not permissive among districts, and (2) to distribute related financial aid, and should include recommendations on at least the following:

a. the structure of charges, including differentials for part-time students and establishment and adjustment of the level of charges according to the same base and process recommended for the University and State University in Recommendation 4.

b. differential charges based on either course characteristics, or on whether students are enrolled in an educational program or taking courses on an intermittent basis.

c. the structure and funding level of student financial aid programs to offset the adverse impact of student charges and specifically to assure that at least those students who currently receive aid from need-based public assistance programs such as AFDC, SSI, SSP, or who meet the qualifications for EOPS are exempted from charges either through waivers or financial aid offsets.

d. The relationship between revenues raised by student charges and Community Colleges financing mechanisms.

5.3 The contingency plan for a statewide fee policy recommended in 5.2 above should be implemented in 1983-84 or thereafter only if the State is unable (a) to replace one-time revenues used in 1982-83 or thereafter to offset budget reductions for the Community Colleges, (b) to maintain existing levels of revenue per ADA in constant dollars, or (c) to fund reasonable enrollment growth in courses or programs that have State priority (pp. 20-21).

STATUS: The Legislature adopted budget control language which directed the Board of Governors to identify avocational, recreational, and personal development courses which should be offered on a self-support rather than State-support basis, and reduced apportionments for such courses by $30 million.

The Board of Governors agreed to develop the contingency plan called for in Recommendation 5.2 and will act on its plan on December 10, 1982.

Action on Recommendation 5.3 depends on legislative and other responses to future budgetary considerations.

RECOMMENDATION 6. If the Legislature requires adjustment to Community College apportionments to generate savings to the State General Fund in 1982-83 and to avoid implementation of a permanent statewide fee policy in 1982-83:

6.1 State apportionments should be reduced by approximately $30 million to reflect expected savings from implementation of Recommendation 5.1.

6.2 State apportionments should be reduced by approximately $50 million as a one-time offset to be taken from district reserves under regulations to be developed by the Board of Governors.

6.3 The Legislature should not impose a charge on Community College students in 1982-83 unless required budgetary savings are greater than those achieved under this recommendation. An interim charge should be considered only as an emergency alternative to impairing access to, or the effectiveness of, courses and programs of high State priority, and provisions for them should (1) assure that the State provide offsetting financial aid or waivers for students receiving need-based public assistance to be distributed according to criteria established by the Board of Governors, (2) be uniform statewide, not permissive among districts, and (3) differentiate between full-time and part-time students (pp. 24-25).

STATUS: The Legislature reduced Community College apportionments by $30 million and directed the Board of Governors to make the reductions in recreational, avocational, and personal development courses.

No action was taken regarding reserves or the establishment of a statewide mandatory fee for Community College students in 1982-83.

RECOMMENDATION 7. The State should provide financial assistance to qualified students whose ability to attend postsecondary institutions is jeopardized by increases in student charges. Such assistance should be provided through programs that assure equitable treatment of students with similar resources and needs (page 29).

RECOMMENDATION 8. Students throughout California should be treated similarly by State financial assistance policies regardless of the institutions which they attend, and the State should use a common and consistent methodology to assure equitable treatment.

8.1 The State should provide sufficient funding to each segment for financial aid to offset the amount of increases in charges between 1981-82 and 1982-83 for students with the fewest financial resources who do not receive Student Aid Commission grants.

8.2 The amount of financial aid to be provided by the State to offset increases in charges for students with demonstrated financial need should be based on the Commission's student charges model, modified to accommodate alternative assumptions about eligibility for additional aid other than the current assumptions based on (federal) Pell Grant eligibility.

8.3 The State should provide sufficient funds to the Student Aid Commission to fully fund charges for University and State University students who are Student Aid Commission grant recipients and who would qualify for full fee grants.

8.4 The State should continue to assist qualified students with demonstrated financial need to attend private colleges and universities, thereby protecting educational diversity and the public interest in the nongovernmental sector of higher education. Protection will require: (1) increases in maximum Student Aid Commission grants for students who attend independent institutions so that grants remain at the same constant dollar levels in 1982-83 as in 1981-82; (2) adjustments to funding levels and number of awards in the Student Aid Commission program to reflect increased student charges in both public and private institutions; and (3) inclusion, to the extent feasible, of issues related to financial aid in the independent sector in the integrated budget review proposed in Recommendation 10 below (pp. 29-30).

STATUS: The Legislature adopted Recommendations 7 and 8 in principle in Supplemental Budget Language and in actions to augment the State University and Student Aid Commission's budgets to partially offset fee increases for students at the University and State University.

Recommendations 8.3 and 8.4 to increase the maximum Student Aid Commission grants and to adjust the number of awards were not acted on. Decisions by the Student Aid Commission to accommodate State General Fund budget cuts resulted in a reduction in the size of the maximum grant to students who attend independent colleges.

RECOMMENDATION 9. Pending the Commission's recommendations on the use of revenues from student charges as requested by the Legislative Analyst, including analysis of restrictions on the use of charges and their use for student financial aid in the University, no changes should be made in the current uses of these revenues (page 33).

STATUS: No fundamental changes in the uses of student fee revenues were made in the 1982-83 budget year.

RECOMMENDATION 10. The Governor's Budget should (1) display in a single consolidated summary each year the current and proposed levels of charges for each segment, (2) explain the rationale for any proposed adjustments, and (3) show the current and anticipated funding for student financial aid from all major sources. The legislative fiscal subcommittees should review this information in the same form, examining all three public segments and the Student Aid Commission together during budget hearings. To the extent feasible, implications for the independent sector should be considered. The Legislative Analyst and the California Postsecondary Education Commission should provide comments to the Legislature on the levels of charges and financial aid proposed in the Governor's Budget (page 35).

**STATUS:** Although the 1983-84 Governor's Budget has not been presented, the Department of Finance has requested the Student Aid Commission to provide data related to financial aid to comply with this recommendation.

## APPENDIX B

Commission staff prepared the following four background papers on specific topics related to the legislative charge for Phase II of the ACR 81 effort. These papers are available under separate cover from the Commission as Commission Report 82-41, Background Papers on Student Charges, Student Financial Aid, and Access to Postsecondary Education: A Continuing Dialogue.

1. Uses of Student Fee Revenues in California Public Higher Education

2. The Scope and Sources of Student Financial Aid in California

3. Differentiation of Postbaccalaureate Charges

4. Options and Alternatives for Recommendations

Commission staff has also developed a technical paper on the calculation of the base used to establish the level of student charges annually. This paper is also available from the Commission.

## APPENDIX C

### ACR 81 Advisory Committee

In addition to the Commission's own Ad Hoc Committee on ACR 81 (identified by asterisks on the inside front cover), the Commission established an Advisory Committee consisting of the following faculty members, students, and administrators from the three public segments of California postsecondary education as well as representatives of the Legislative Analyst, the Department of Finance, and the California Student Aid Commission:

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| Robert Connick | University of California<br>Academic Senate |
| Alexei Folger | California Community Colleges<br>Student Government Association |
| William R. Frazer | University of California<br>Systemwide Administration |
| Hal Geiogue | Office of the Legislative Analyst |
| Gus Guichard | California Community Colleges<br>Chancellor's Office |
| Michael Johnson | University of California<br>Student Body President's Council |
| Jack Kennedy | Department of Finance |
| Arthur Marmaduke | California Student Aid Commission |
| Curtis Richards | California State Student<br>Association |
| Robert Silverman | California Community Colleges<br>Academic Senate |
| Anita Silvers | California State University<br>Academic Senate |
| John M. Smart | California State University<br>Systemwide Administration |

The following observers from independent colleges participated in the discussions of the ACR 81 Advisory Committee:

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| Paul Kryder | California Association of Independent College and University Students |
| Morgan Odell | Association of Independent California Colleges and Universities |

The Committee met four times: (1) on September 8, 1982, to discuss consultation with the Commission staff during the development of the Commission's response to ACR 81; (2) on October 19 to review the background papers developed by Commission staff; (3) on November 2 to discuss a range of possible recommendations and their implications if adopted; and (4) on November 18 to discuss the Commission's preliminary analysis, conclusions, and recommendations.

In addition to providing comments at these meetings, members of the Advisory Committee submitted written comments to the Commission staff regarding the preliminary response, background papers, and other issues of concern.

The written comments of members of the Committee on the final report are being compiled and will be distributed to the appropriate legislative committees and to Advisory Committee members. They will be available from the Commission on request.

## REFERENCES

California Postsecondary Education Commission. The Challenges Ahead: A Planning Agenda for California Postsecondary Education, 1982-1987. Commission Report 81-25. Sacramento: The Commission, November 1981.

--. Student Charges, Student Financial Aid, and Access to Postsecondary Education: A Report to the Governor and the Legislature in Response to Assembly Concurrent Resolution 81. Commission Report 82-15. Sacramento: The Commission, April 1982.

Master Plan Survey Team. A Master Plan for Higher Education in California, 1960-1975. Sacramento: California State Department of Education, 1960.

The California Postsecondary Education Commission was created by the Legislature and the Governor in 1974 as the successor to the California Coordinating Council for Higher Education in order to coordinate and plan for education in California beyond high school. As a state agency, the Commission is responsible for assuring that the State's resources for postsecondary education are utilized effectively and efficiently; for promoting diversity, innovation, and responsiveness to the needs of students and society; and for advising the Legislature and the Governor on statewide educational policy and funding.

The Commission consists of 15 members. Nine represent the general public, with three each appointed by the Speaker of the Assembly, the Senate Rules Committee, and the Governor. The other six represent the major educational systems of the State.

The Commission holds regular public meetings throughout the year at which it takes action on staff studies and adopts positions on legislative proposals affecting postsecondary education. Further information about the Commission, its meetings, its staff, and its other publications may be obtained from the Commission offices at 1020 Twelfth Street, Sacramento, California 98514; telephone (916) 445-7933.

Item 6420-001-001--California Postsecondary Education Commission

1. California Postsecondary Education Commission (CPEC). The Legislature directs the CPEC to conduct a study of the impact of student charges on public postsecondary education including recommendations for state policy on issues regarding: (a) the activities that shall be funded with revenues from student charges, (b) the impact that student charges at one segment have on other segments, (c) the appropriate level of student charges for each segment, (d) the level of additional financial aid required to maintain student access at various levels of student charges, and (e) any additional issues recommended for further study from the ACR 81 study conducted pursuant to Resolution Chapter 23, Statutes of 1982.

   The CPEC shall conduct this study with the advice and participation of a student from each public postsecondary segment appointed by the appropriate student organization; a representative from the administration of each public postsecondary education segments appointed by the chief executive of each of the segments, a faculty representative from each of the public postsecondary segments, appointed by the faculty governing body of each of the segments, and a representative each from the Legislative Analyst, Department of Finance, and the California Student Aid Commission. The study shall be submitted to the Legislature not later than 12/1/82.

...

3. The Legislature directs the CPEC to develop recommendations for: (1) the establishment of tuition charges for postbaccalaureate students and (2) the provision of appropriate levels and kinds of student financial aid to offset tuition charges for postbaccalaureate students with demonstrated financial need. Consideration should be given to: (1) relative costs of different graduate programs, (2) remuneration for graduates of different postbaccalaureate programs, and (3) alternative payment structures and financial aid mechanisms, including waivers and deferrals for public service. The CPEC shall conduct this study using the advisory structure currently in place for consideration of issues related to student charges, student financial aid, and access to postsecondary education. The study and recommendations shall be submitted to the Legislature not later than 12/1/82.